

News from the CAF

Matrix of Third Party Authorization Products and the Centralized Authorization File (CAF)

Publications 4019 and 4020 provide quick references to third party authorizations, their authority and limitations. They also provide information regarding how authorizations are processed, where they are maintained and the specific CAF mailing addresses and fax numbers.

Disclosure Authorization (DA)

DA is part of a suite of e-service products designed to provide the tax professional community with the access and services most helpful to them. DA was launched in Spring 2004 and allows approved and registered users to:

- Complete authorization forms
- View and modify existing forms
- Receive acknowledgement of accepted submissions immediately

DA is available 24 hours per day and 7 days per week. It expedites processing through the immediate recording of authorizations directly onto the CAF.

As an e-service incentive, DA, along with the Transcript Delivery Service (TDS) and Electronic Accounts Resolution (EAR), is available to electronic return originators who electronically filed over 100 income tax returns in the prior year.

For more information regarding e-service products go to www.irs.gov and type e-services in the "Search" field. For registration information go to: www4.irs.gov/e-services/Registration/index.htm.

Multiple CAF Numbers for Multiple Offices

For the practitioner who maintains multiple office locations serving distinct sets of clients, having more than one CAF Number can be advantageous. The CAF number is a record containing the name, address, phone and fax numbers of the third party. When notices are generated, that program checks against the CAF record of the third party entitled to receive a copy of that notice.

By having more than one CAF Number, a practitioner can, for example:

Use CAF Number XXXX-XXXXXR with a New Jersey address for New Jersey clients
Use CAF Number YYYY-YYYYYR with a New York address for New York clients

thereby ensuring copies of notices are mailed to the office representing the client.

To receive multiple CAF numbers, submit your request to the CAF Units. Be sure to include information regarding existing CAF numbers and corresponding address, phone and fax information. Specify the number of new CAF numbers requested and provide the record information for the new number (s).

CAF processing is completed within two days. Within approximately seven to ten days, you will receive a CP 547, *You Have Been Assigned a Representative Number*, or you may call the CAF Help Line after two days for your newly assigned CAF number(s).



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Revocations and Withdrawals

The tax professional community has consistently expressed its desire to terminate a relationship with a client without specifying tax matters. By regulation, a revocation/withdrawal must specify the tax matters.

Section 601.501(b)(7) of the Conference and Practice Requirements, Subpart E of Part 601, Title 26 of Code of Federal Regulations defines each taxable period as a separate "matter". Section 601.505(b)(1) states a revocation must identify the tax "matters" from which the practitioner is seeking to withdraw.

The Service is currently considering practitioner concerns related to the withdrawal process.

In the interim, the tax professional community should continue to submit withdrawals to the CAF Units using a copy of the original authorization, annotating "WITHDRAW" in the top margin of the document and affixing a current, dated signature. Only the third party who signs and dates the withdrawal will be removed from the authorization.

Future programming will allow the CAF Units to more efficiently process withdrawal requests and provide the request originator with a confirmation notice and affected parties with advisement.

Form 2848, Power of Attorney and Declaration of Representative

Effective March 29, 2004, a power of attorney naming an individual who is ineligible to practice is not honored by the IRS as a tax information authorization (TIA). Eligibility is defined in Treasury Department Circular No. 230.

Powers of attorney recorded prior to March 29, 2004, will continue to be honored as TIAs with respect to individuals not eligible to practice.

Caveat: The IRS will NOT honor a power of attorney submitted prior to March 29, 2004 as a tax information Authorization, regardless of the eligibility status of the practitioner at the time of submission, IF the practitioner subsequently becomes ineligible to practice (suspended, disbarred, deemed ineligible).

For submissions after March 29, 2004, individuals not eligible to practice can only be designated on a TIA, e.g. Form 8821. A TIA does not authorize the individual to represent, advocate or negotiate on behalf of the taxpayer. A TIA only authorizes the designee to inspect and receive tax account information.

Enrolled Agent Number

The CAF is currently working on an interface with the Enrolled Practitioner Program database to share information regarding the practice status of enrolled agents.

Effective January 1, 2005, the enrollment number in Part II of Form 2848 will be required information for enrolled agents. If the representative indicates a Designation "C" and fails to include his/her enrollment number, the authorization may be returned. Returned authorizations to third parties will continue to be done by fax when a number is provided.

Tax Information Authorizations

A tax information authorization (TIA) allows your client to designate any individual, corporation, firm, organization, or partnership to inspect and/or receive confidential information for the type of tax and period(s) specified. When a business is the appointee, authority extends to employees of the business. The IRS verifies the employee status of the appointee by confirming "possession" of the authorization document.

For TIAs related to income verification and other non-account related issues, the TIA must be

received by the CAF or by the IRS within sixty days of when signed and dated. For tax account related issues, there is NO limitation regarding the date of taxpayer signature versus the received date in CAF or by the IRS.

When a business is the appointee, authority extends to employees of the business. The IRS verifies the employee status of the appointee by confirming "possession" of the document.

The IRS provides a variety of TIA products to help you assist your client resolve their federal tax matters.

Oral Consents:

Oral Disclosure Consent (ODC) and Oral Tax Information Authorization (OTIA)

Taxpayer Bill of Rights II and 26 CFR 301.6103 (c) -1(c) authorizes the IRS to disclose tax information pursuant to a taxpayer's oral request or consent when, and only when, assistance is needed to resolve a federal tax matter.

The ODC is used to respond to specific notice issues. The client phones 800-829-1040 and, after taxpayer identification is verified, your client provides the appointee's name. The authorization is recorded on the tax account or module (not on CAF) and expires when the notice issue is resolved.

The OTIA is the equivalent of Form 8821, *Tax Information Authorization*. The client phones 800-829-1040 or the CAF Unit Help Desk. After taxpayer identification is verified, the CAF employee will input the authorization directly onto the CAF while your client is on the line. It expires when revoked or withdrawn.



Third Party Designee (TPD)

The TPD authorization, formerly known as "Check-the-Box" is a TIA executed on a tax return. It is, therefore, tax matter specific and recorded directly on the tax account or module (not on the CAF).

Effective January 1, 2004 the authority of the TPD was expanded from its original limitations to a level almost equivalent to a full TIA.. The expansion simplified the automatic expiration by providing for a standard expiration date, one year from the due date, without regard to extensions, of the tax return. This authorization may be revoked by the taxpayer or withdrawn by the tax professional prior to expiration. This authority does not extend to compliance related contacts with the IRS.

Representative/Client Listings from the CAF

The CAF electronically maintains a recorded authorization for a period of approximately seven years (15 years for Form 706, *U.S. Estate (and Generation Skipping) Tax Return*, authorizations), after which the record is deleted. The authorization, however, remains in force until revoked by the taxpayer or withdrawn by the designee.

If you desire a listing of clients and authorizations recorded on the CAF for your CAF number, submit a Freedom of Information Act (FOIA) request for a Representative/Client listing, formerly known as a "CAF 77" report to:

IRS—Manager Headquarters Disclosure Office
1111 Constitution Ave NW Room 1571
Washington D.C. 20224

Return of Incomplete Authorizations to the Taxpayer

The IRS is considering a procedural change with an effective date of March 1, 2005. When information critical to an authorization is not present, the document will be returned to the taxpayer. The premise of the change is that an authorization can only be granted by the taxpayer. If client's phone or fax number is provided on Line 2 of Form 2848 or Form 8821, the CAF will attempt a call or fax prior to returning the document by mail.

Essential elements include:

- Clear intent
- Clear identification of the taxpayer (name, address and taxpayer identification number),
- Clear identification of the designee (name and address)
- Specific tax matters ~type of tax or penalty and tax period(s)
- The taxpayer's dated signature.

Your careful review, prior to submission, can avoid the return of authorizations to your client and the processing delay resulting from the generation and mailing of correspondence.